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AUTHOR Tootle, Deborah M.
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ABSTRACT

Welfare caseloads across the nation have declined dramatically since welfare reform became law in August 1996. These declines have been interpreted to mean that welfare-to-work strategies are effective, but not enough is known to make such an assessment. In the rural South, unique social and economic conditions may affect the implementation and success of welfare reform. This report describes recent welfare reform efforts and identifies some conditions that may affect the potential for moving southern welfare recipients into the workforce. Because the states design and administer their own welfare programs, there is no typical state program. An overview of programs in 13 Southern states outlines major provisions: eligibility in terms of assets and income, time limits for receiving benefits, work requirements and exemptions related to child age, and the decline in caseloads from 1993 to 1999. Poverty is a severe and chronic problem in the South and, without exception, is more serious in rural areas. Welfare-to-work strategies may be particularly difficult to implement in persistent poverty counties, where employment opportunities are limited. Other barriers to employment include low levels of education and skills, competition for low-wage jobs from immigrant labor, inability to survive with low-wage jobs, lack of transportation, shortage of day care providers, and personal and family problems. Community strategies to address these barriers are discussed. (Contains 20 references.) (SV)

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Rural Development Issues Impacting the South

Great Expectations: From Welfare to Work in the South

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Deborah M. Tootle
Louisiana State University

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For more information, contact:
Southern Rural Development Center
Box 9656
Mississippi State, MS 39762
662-325-3207
662-325-8915 (fax)
http://www.ext.msstate.edu/srdc/
dcosper@srdc.msstate.edu

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Introduction

The South, as does the rest of the country, holds great expectations for welfare reform and the ability of Temporary Assistance to Needy Families (TANF), the revised public assistance program replacing Aid to Families with Dependent Children (AFDC), to help the poor in this country become more self-sufficient. Appreciable work requirements are embedded within the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), the legislation mandating welfare reform. Almost daily, there are reports on the dramatic declines in welfare caseloads across the nation since President Clinton signed PRWORA into law in August 1996. These declines are generally interpreted to mean that welfare-to-work strategies must be effective. However, not enough is known about the dynamics of moving people from welfare to work to make such assessments. And researchers certainly do not have a good understanding of caseload reduction in the rural South where unique social and economic conditions may affect the implementation and success of welfare reform. This report describes recent welfare reform efforts and identifies some of the conditions that may affect welfare reform and the potential for the new legislation to move welfare recipients into the workforce in the South [a].

An Overview of Welfare Reform in The South

The implications of welfare reform for the labor force are complex. A basic understanding of these implications requires some knowledge of how public assistance is designed to function in the United States. The basic framework for the social welfare programs of today was provided by the Social Security Act of 1935. This act created a national social welfare program that included federally-funded, and state-administered public assistance programs [10]. The roles of the federal and state governments in the provision of a safety net for the needy, an issue of considerable debate, have been fueled by economic conditions in the United States and restructured repeatedly since the New Deal [17]. Relief programs ebb and flow with economic and political tides, expanding in response to social unrest (often in the wake of economic downturns) and contracting as public pressure for welfare recipients to join the labor force increases. Welfare reform is not new; welfare-to-work strategies through workfare, job search, and training and education programs have been implemented in this country since the 1960s [13].

The most recent program of welfare reform is rooted in the ideology of "new federalism" and devolution, in which federal and state governments attempt to renegotiate their roles and responsibilities in the provision of services to citizens, with states assuming the lion's share of responsibility [20]. Accordingly, welfare reform policies and welfare-to-work strategies can vary *considerably* by state. TANF block grants, which have consolidated AFDC and other funding programs [12], provide appreciable latitude to states in establishing program eligibility, time limits, work requirements, and benefits. As a consequence, welfare-to-work programs across the South are quite diverse.

Whether the new welfare programs are going to help the poor move into the labor market and become more self-sufficient is not a simple question to answer. The new legislation dramatically overhauled a system of relief that has been in existence for more than 60 years. It affects numerous programs and policies targeting the needy. By definition, welfare reform, with its emphasis on moving welfare

recipients into the labor market, is dependent on the availability of employment, access to employment, and the ability of the unemployed and underemployed to negotiate personal barriers to employment.

Because the new legislation gave states the authority to design and administer their own welfare systems, it is difficult to describe a typical welfare program in the South. It is likewise difficult to describe any one state as being more restrictive or lenient than others because state programs vary along so many different dimensions. Therefore, the remainder of this section reviews major provisions of the programs in the Southern states [b]. The program descriptions are followed by discussions of economic and employment conditions throughout the South and the types of barriers to employment facing welfare recipients.

Eligibility

Criteria for cash assistance eligibility have traditionally included financial assets, income, and employment status of parents. Under TANF guidelines, these criteria have been somewhat relaxed. The Southern states covered in this report, with the exception of Georgia, Mississippi, Oklahoma and Virginia, have increased the $1,000 financial asset limit imposed by AFDC, and almost half of the states (Georgia, Kentucky, Louisiana, Oklahoma, South Carolina and Virginia) allow for restricted savings accounts (Table 1). All of the Southern states have increased the vehicle exemption from the $1,500 previously allowed by AFDC.

Table 1. Asset Limits Under TANF for States in the South

State	Asset Limit	Restricted Savings Account
Alabama	$2,000-3,000	None
Arkansas	$3,000	None
Florida	$2,000	None
Georgia	$1,000	$5,000
Kentucky	$2,000	$5,000
Louisiana	$2,000	$6,000
Mississippi	$1,000	None
North Carolina	$3,000	None
Oklahoma	$1,000	$2,000
South Carolina	$2,500	$10,000
Tennessee	$2,000	None
Texas	$2,000-3,000	None
Virginia	$1,000	$5,000

Source: Gallagher, et al. [6]

Under AFDC, a family must pass two eligibility tests to qualify for welfare. First, a family's gross income must be less than 185 percent of the need standard. Second, their net income must be less than the payment standard (Table 2). Under TANF, five states (Alabama, Arkansas, Florida, Louisiana and Virginia) have removed or changed the gross income test. The remaining eight states (Georgia, Kentucky, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee and Texas) have maintained the income limits set under AFDC.

TANF does not differentiate between two-parent and single-parent families as AFDC did. However, a handful of Southern states (Georgia, Kentucky, Mississippi and Oklahoma) opted to impose or continue eligibility restrictions for two-parent families. In all four of these states, family units in which two parents live have to demonstrate a previous attachment to the labor force to be eligible for assistance (Table 3).

Table 2. Changes to Income Eligibility Rules Under TANF for States in the South*

State	Eligibility Changes
Alabama	Removed gross income test
Arkansas	Removed gross income test; set net income requirement to $223 or less
Florida	Set gross income to less than 130 percent of federal poverty level
Georgia	No change
Kentucky	No change
Louisiana	Removed gross income test
Mississippi	No change
North Carolina	No change
Oklahoma	No change
South Carolina	No change
Tennessee	No change
Texas	No change
Virginia	Removed gross income test; set earnings requirement to less than federal poverty level

* AFDC eligibility tests stipulate (a) that a family's gross income must be less than 185 percent of the need standard and (b) the net income must be less than the payment standard.

Source: Gallagher, et al. [6]

TANF also stipulates that states can provide needy families with diversion assistance payments, a form of emergency cash assistance. In exchange, the family receiving a diversion assistant payment relinquishes eligibility for program participation for a designated period. In the South, Arkansas, Florida, Kentucky, North Carolina, Texas, and Virginia offer some type of diversion assistance (Table 4). Arkansas, Florida, North Carolina, and Virginia offer two to three months of cash assistance, or vendor payment in the case of Virginia. Kentucky and Texas provide a set amount of cash assistance from two to four months of assistance. Kentucky also offers vendor payment in lieu of cash assistance. All of the states (with the exception of North Carolina where information on diversion assistance is not clear) limit the frequency with which recipients can use diversion assistance. Arkansas and Florida limit this emergency assistance to once per lifetime.

Time Limits

AFDC placed no restrictions on the number of months families were allowed to receive benefits. Under PRWORA, TANF funds for assistance to families with an adult in the household are generally limited to 60 months or less (Table 5). However, under specific circumstances, states may provide extensions to, or exemptions from, time limits. In the South, Alabama, Kentucky, Mississippi, Oklahoma, and Texas provide a full 60 months of assistance before terminating benefits. Georgia terminates after 48 months, Arkansas after 24, and Tennessee after 18. The remaining Southern states (Florida, Louisiana, North Carolina, South Carolina and Virginia) have adopted periodic time limits, usually terminating after 24 months of assistance within a 60-month period. With the possible exception of Oklahoma, all 13 states in the South define some conditions under which exemptions to the mandated time limits can be provided. These conditions include (but are not limited to) age or disability of recipient, caring for a disabled person or a young child, personal hardship, significant barriers to employment, unavailable work or high unemployment in the local area in which a recipient lives, and domestic

Table 3. Eligibility Restrictions for Two-Parent Families for States in the South

State	Additional Restrictions Imposed
Alabama	None
Arkansas	None
Florida	None
Georgia	Applicant has to demonstrate previous attachment to work force
Kentucky	Principal wage earner unemployed (working less than 100 hours a month) Principal wage earner unemployed for at least 30 days Applicant has to demonstrate previous attachment to work force
Louisiana	None
Mississippi	Principal wage earner unemployed (working less the 100 hours a month) Principal wage earner unemployed for at least 30 days Applicant has to demonstrate previous attachment to workforce
North Carolina	None
Oklahoma	Principal wage earner unemployed for at least 30 days Applicant has to demonstrate previous attachment to workforce
South Carolina	None
Tennessee	None
Texas	None
Virginia	None

Source: Gallagher, et al. [6]

Table 4. Southern States Providing Diversion Assistance Payments

State	Diversion Assistance	Frequency of Assistance
Alabama	None	N/A
Arkansas	Three months cash assistance	Once per lifetime
Florida	Two months cash assistance	Once per lifetime
Georgia	None	N/A
Kentucky	$1,500 cash or vendor payment	Once per 12 months
Louisiana	None	N/A
Mississippi	None	N/A
North Carolina	Three months cash assistance	N/A
Oklahoma	None	N/A
South Carolina	None	N/A
Tennessee	None	N/A
Texas	$1,000 cash	Once per 12 months
Virginia	Four months cash or vendor payment	Once per 60 months

Source: Gallagher, et al. [6]

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Table 5. Time Limits, Exemption Criteria, and Possibility of Extensions by States in the South

State	Time Limits	Exemption Criteria*	Extensions
Alabama	60 months	3	No
Arkansas	24 months	3	No
Florida	Periodic	1	No
Georgia	48 months	3	No
Kentucky	60 months	4	Yes
Louisiana	Periodic	4	Yes
Mississippi	60 months	4	No
North Carolina	Periodic	5	Yes
Oklahoma	60 months	Not specified	No
South Carolina	Periodic	2	Yes
Tennessee	18 months	5	Yes
Texas	Variable	4	No
Virginia	Periodic	4	Yes

*There are eight different criteria by which states can exempt a family from mandated time limits: age, disability, caring for a disabled person, caring for a young child, personal hardship or barriers to employment, no job available or high local unemployment, domestic violence, and a miscellaneous category. The number indicated in this column refers to the number of criteria a particular state can use to make exemptions. The lower the number, the fewer the conditions covered under exemption.

Source: Gallagher, et al. [6]

violence. In the South, Florida, with the fewest exemption criteria, is the least likely state to release a TANF recipient from time limits. North Carolina acknowledges the highest number of exempted conditions. The Southern states are split in terms of offering extensions to public assistance payments. Six of the 13 states (Kentucky, Louisiana, North Carolina, South Carolina, Tennessee, and Virginia) will allow extensions under some conditions.

Work Requirements

The new legislation grants states considerable flexibility in designing welfare-to-work programs that are specific and unique to the given needs of a particular state. TANF recipients are required to participate in some form of work activity (see Table 6) within two years and recipients must work a minimum number of hours per week. In 1999, this number is 25. By the year 2000, the minimum number of hours will increase to 30 hours per week. In addition, states must meet specific work participation rates. Federal law provides few exemptions. Single parents with children under the age of six and unable to find child care are exempt from the two-year rule. States can offer other exemptions based on the age of the youngest child. For example, Texas permits exemptions for having children under the age of 4 years and Virginia allows exemptions for recipients under 18 months (Table 7). Alabama, North Carolina, and

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Table 6. Federally-Defined Work Activities

- Unsubsidized employment
- Subsidized private employment
- Subsidized public employment
- Work experience
- On-the-job training
- Job search and job readiness
- Community service
- Vocational education
- Provision of child care to TANF recipients
- Job skills training
- Education related to employment
- High school education or its equivalent

South Carolina provide exemptions for children under the age of one, as do Kentucky, Louisiana, Mississippi, and Oklahoma, with the difference being that the last four states limit the exemption period to a total of 12 months. Recipients with children under four months in Tennessee may be exempt, and in Arkansas and Florida, children must be under three months for the parent to be exempted from work requirements. Georgia allows no exemptions based on the age of the youngest child.

Non-compliant TANF recipients are penalized under PRWORA. Legislation requires that states reduce the amount of cash assistance for each month the recipient is not participating in the federally defined work activities. States have considerable latitude in developing their own sanctioning policies. Most states practice progressive sanctions for continued noncompliance, and in the South, sanctions are stiff. Some of the states in the South (Alabama, Georgia, Kentucky, Louisiana, North Carolina, and Texas) practice a partial reduction in benefits for non-compliance, but more than half of the Southern states (Arkansas, Florida, Mississippi, Oklahoma, South Carolina, Tennessee, and Virginia) withhold assistance completely for non-compliance (Table 8). Continued non-compliance results in more punitive penalties; Georgia and Mississippi enforce lifetime restrictions for continued lack of participation in work activities.

Table 7. Age of Child for Work Exemptions in Southern States

One year (or more)	One year (limited to 12 months)	Less than one year	No exemptions
Alabama			
North Carolina	Kentucky	Arkansas	
South Carolina	Louisiana	Florida	Georgia
Texas	Mississippi	Tennessee	
Virginia	Oklahoma		

Source: Gallagher, et al. [6]

Implications of Changes

PRWORA has authorized changes in eligibility criteria, time limits and work requirements for cash assistance to needy families. However, even though the specific policy changes driven by the new legislation can be documented, it is too early to determine whether welfare reform is working to move the poor to self-sufficiency. There is very little concrete data to show how these changes are affecting families and communities across the South. Nonetheless, some inferences about welfare reform's potential impacts from the new policies can be drawn.

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In general, the eligibility criteria and asset limits have been somewhat relaxed. It is now easier for two-parent families to obtain assistance. And, by relaxing the asset limits, many states are recognizing the importance of providing assistance to needy families before they become destitute. Embodied in this recognition is the philosophy of providing public relief as a form of transitional assistance to help the needy over short periods of economic hardship. On the other hand, time limits and harsh sanctions for non-compliance, which are designed to prevent "welfare dependence" and to force recipients back into the labor force, may exact a more serious toll on the persistently poor and those who are difficult to place in the labor force.

Table 8. Benefit Reductions for Initial Noncompliance with Work Activity Requirements for States in the South

Partial Reductions	Full Reductions
	Arkansas
Alabama	Georgia
Florida	Mississippi
Kentucky	Oklahoma
Louisiana	South Carolina
North Carolina	Tennessee
Texas	Virginia

Source: Gallagher, et. al. [6]

The drop in welfare caseloads is receiving considerable attention in the press, but the truth is no one knows whether the decline can actually be attributed to welfare reform. Magnitude of decline depends largely on the measure of caseloads used (i.e., total annual cases, average monthly cases) and the time period analyzed. Data reported by the Urban Institute, based on total state caseloads, indicate that caseloads in the South (as elsewhere) have dropped dramatically since 1993. Between 1993 and March 1999, caseloads across the United States dropped by 44 percent. In the South during the same time period, caseloads declined anywhere from 52 percent in Tennessee to 74 percent in Mississippi (Table 9). Proponents of welfare reform use these remarkable 8findings to suggest that welfare reform is working well. This is a premature conclusion because exactly why caseloads are declining at such a precipitous rate is not known.

Table 9. AFDC* Caseloads and Change Over Time (1993-March 1999) in Southern States

State	1993	March, 1999	% change ('93-March'99)
United States	14,114,992	7,335,000	-48
Alabama	141,746	46,934	-67
Arkansas	73,982	29,340	-60
Florida	701,842	198,101	-72
Georgia	402,228	137,976	-66
Kentucky	227,879	99,560	-56
Louisiana	263,338	111,074	-58
Mississippi	174,093	38,426	-78
North Carolina	331,663	138,570	-58
Oklahoma	146,454	56,640	-61
South Carolina	151,026	42,504	-72
Tennessee	320,709	152,695	-52
Texas	785,271	313,823	-60
Virginia	191,212	88,910	-54

*Total AFDC/TANF recipients

Source: The Urban Institute
Administration for Children and Families/U.S. Department of Health and Human Sevices

In all probability, caseloads are declining in large part to welfare reform. Yet, not all of the declines can be attributed to welfare reform. Longitudinal

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data show that caseloads were declining prior to August 1996, when PRWORA was signed into law. The early declines may reflect the welfare reform demonstration projects implemented by many states. Declining caseloads surely also reflect the recent and strong economic expansion and the high employment rates associated with it.

By anyone's measure, the declining caseloads are an indicator that welfare reform shows promise; welfare reform is reducing the welfare rolls. But is welfare reform truly working to help the needy become more self-sufficient? What are the conditions under which welfare reform may be more or less effective? A major concern for the South is that the social, economic, and geographic conditions that characterize the South, especially the rural areas, may differentially influence the consequences of welfare reform.

Conditions in the South

Poverty is a serious problem for the South, and without exception, it is more serious in the rural areas of the South. Poverty rates in the South generally exceed the national poverty level, and within each Southern state, poverty is substantially higher in nonmetropolitan counties and parishes (Table 10). In many of these areas, poverty is severe, approaching 60 percent in some areas, and firmly entrenched. The USDA Economic Research Service defines a persistent poverty county as a nonmetropolitan county in which the poor represented at least 20 percent of the population in 1960, 1970, 1980, and 1990 (see Table 11 for persistent poverty counties in the South). Persistent poverty counties tend to be those counties where there is an acute shortage of job opportunities, limited human capital and social resources. Moreover, many of the persistent poverty areas are geographically isolated. Typically, residents have lower income levels than those living in other areas and are disproportionately dependent on cash income transfer programs for the needy [3]. Nearly a quarter of the nonmetropolitan counties in the United States are classified as persistent poverty counties (Table 12), but most of these counties (83 percent) are concentrated in the South. In most of the Southern states, at least one third of nonmetropolitan counties are considered to be persistent poverty counties. In Louisiana and Mississippi, more than 80 percent of the nonmetropolitan counties are persistent poverty counties.

Nonmetropolitan counties that are dependent upon income transfers, where income from federal, state, and local transfer programs comprises at least a quarter of personal income, also are heavily concentrated in the South (64 percent). These counties, which typically represent persistent poverty counties, or counties with relatively high proportions of the elderly and disabled, tend to be spatially isolated from metropolitan areas and sparsely populated [3]. Across the United States, less than 20 percent of nonmetropolitan counties are transfer dependent. In Arkansas, Florida, Kentucky, Louisiana, Mississippi, and Oklahoma, at least a third of the nonmetropolitan counties are considered to be transfer dependent (Table 12).

It is readily apparent that poverty in the South is both chronic and severe. Such conditions obviously present a major, but perhaps not untenable, impediment to moving families off of cash assistance

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Table 10. Poverty in Southern States, 1980-1995

State	Percent of People in Poverty					
	1980		1990		1995	
	Metro	Nonmetro	Metro	Nonmetro	Metro	Nonmetro
United States	12.4	15.8	13.8	17.1	13.3	16.0
Alabama	18.9	23.0	18.3	22.8	16.2	20.6
Arkansas	19.0	21.7	19.1	22.2	15.0	21.0
Florida	13.5	19.7	12.7	17.1	14.9	18.9
Georgia	16.6	20.8	14.9	19.4	13.8	19.4
Kentucky	17.6	21.9	19.0	23.9	13.8	21.7
Louisiana	18.6	24.1	23.6	29.1	20.1	24.8
Mississippi	23.9	26.6	25.2	28.3	16.5	23.6
North Carolina	14.8	18.3	13.0	16.5	11.6	16.1
Oklahoma	13.4	17.0	16.7	20.8	15.9	21.6
South Carolina	16.6	20.5	15.4	19.8	14.0	19.5
Tennessee	16.5	18.9	15.7	18.0	14.0	16.0
Texas	14.7	19.0	18.1	23.4	17.8	25.9
Virginia	11.8	15.4	10.2	15.3	10.2	15.0

Source: Economic Research Service/USDA, 1998

programs. However, moving families off welfare under these conditions will be challenging and require both careful assessment of the potential for absorbing former welfare recipients into the labor force and conscientious efforts to do so.

Assessing Welfare Reform's Potential

The first step in assessing the potential for welfare reform to move welfare recipients into the workforce involves developing a framework for understanding the dynamics associated with the welfare-to-work process. A comprehensive assessment includes a critical analysis of the opportunities for, and the barriers to, employment. Most of the recent work evaluating the potential for welfare reform in rural areas focuses on economic opportunities in rural areas and barriers associated with sparse populations and geographic isolation, such as limited access to transportation and child care. However, availability of employment, transportation, and child care are necessary, but not sufficient, factors for helping welfare recipients make successful transitions into the labor market. The personal and family challenges facing many welfare recipients also must be addressed.

Employment Opportunities

The capacity of the labor market to absorb welfare recipients depends to a large extent on the quantity and quality of available jobs. During the past few years, the demand for rural workers has been fairly robust. Rural economies appear to have weathered the economic downturns of the early 1990s better than urban areas. The Economic Research Service reports that nonmetropolitan job growth in the 1990s was generally at least as good, and sometimes better, than job growth in metropolitan areas across

Table 11. Persistent Poverty Counties in the South

State	Counties in poverty
Alabama	Barbour, Bibb, Bullock, Butler, Choctaw, Clarke, Conecuh, Crenshaw, Dallas, Escambia, Greene, Hale, Lee, Lowndes, Macon, Marengo, Monroe, Perry, Pickens, Pike, Sumter, Talladega, Washington
Arkansas	Ashley, Bradley, Chicot, Clay, Columbia, Cross, Desha, Fulton, Izard, Jackson, Lafayette, Lawrence, Lee, Lincoln, Madison, Mississippi, Monroe, Montgomery, Nevada, Newton, Ouachita, Phillips, Poinsett, Prairie, St. Francis, Scott, Searcy, Sharp, Stone, Union, Woodruff
Florida	Dixie, Franklin, Hamilton, Hardee, Holmes, Jackson, Jefferson, Lafayette, Levy, Madison, Taylor, Washington
Georgia	Atkinson, Bacon, Baker, Ben Hill, Brooks, Bulloch, Burke, Calhoun, Candler, Clay, Clinch, Coffee, Crisp, Decatur, Dodge, Dooly, Early, Emanuel, Evans, Grady, Greene, Hancock, Irwin, Jefferson, Jenkins, Johnson, Lanier, Laurens, Long, McIntosh, Macon, Marion, Meriwether, Miller, Mitchell, Montgomery, Pierce, Pulaski, Quitman, Randolph, Screven, Seminole, Stewart, Sumter, Talbot, Taliaferro, Tattnall, Taylor, Telfair, Terrell, Thomas, Tift, Toombs, Treutlen, Turner, Ware, Warren, Washington, Wayne, Webster, Wheeler, Wilcox, Wilkes
Kentucky	Adair, Allen, Bath, Bell, Breathitt, Breckenridge, Butler, Casey, Clay, Clinton, Cumberland, Edmonson, Elliot, Estill, Fleming, Floyd, Fulton, Grayson, Green, Harlan, Hart, Jackson, Johnson, Knott, Knox, Laurel, Lawrence, Lee, Leslie, Letcher, Lewis, Lincoln, McCreary, Magoffin, Marion, Martin, Menifee, Metcalfe, Monroe, Montgomery, Morgan, Nicholas, Owsley, Perry, Powell, Pulaski, Robertson, Rockcastle, Rowan, Russell, Union, Wayne, Whitley, Wolfe
Louisiana	Allen, Assumption, Avoyelles, Bienville, Caldwell, Catahoula, Claiborne, Concordia, De Soto, East Carroll, East Feliciana, Evangeline, Franklin, Grant, Iberville, Jackson, La Salle, Lincoln, Madison, Morehouse, Nachitoches, Point Coupee, Red River, Richland, Sabine, St. Helena, Tangipahoa, Tensas, Union, Washington, West Carroll, West Feliciana, Winn
Mississippi	Adams, Amite, Attala, Benton, Bolivar, Calhoun, Carroll, Chickasaw, Choctaw, Claiborne, Clarke, Clay, Coahoma, Copiah, Covington, Forrest, Franklin, Greene, Grenada, Holmes, Humphreys, Issaquena, Jasper, Jefferson, Jefferson Davis, Kemper, Lafayette, Lauderdale, Leake, Leflore, Lincoln, Lowndes, Marion, Marshall, Monroe, Montgomery, Neshoba, Newton, Noxubee, Oktibbeha, Panola, Pearl River, Perry, Pike, Quitman, Scott, Sharkey, Simpson, Smith, Stone, Sunflower, Tallahatchie, Tate, Tippah, Tunica, Walthall, Washington, Wayne, Wilkinson, Winston, Yalobusha, Yazoo
North Carolina	Bertie, Bladen, Cherokee, Columbus, Halifax, Hertford, Hoke, Hyde, Jones, Martin, Northhampton, Perquimans, Robeson, Sampson, Swain, Tyrrell, Warren, Washington, Watauga
Oklahoma	Adair, Atoka, Bryan, Caddo, Cherokee, Choctaw, Coal, Greer, Harmon, Haskell, Hughes, Johnston, Kiowa, Latimer, Le Flore, McCurtain, McIntosh, Okfuskee, Pushmataha, Tillman
South Carolina	Allendale, Bamberg, Calhoun, Clarendon, Colleton, Dillon, Fairfield, Georgetown, Hampton, Jasper, Lee, McCormick, Marion, Marlboro, Orangeburg, Williamsburg
Tennessee	Campbell, Claiborne, Clay, Cocke, De Kalb, Fentress, Grainger, Grundy, Hancock, Hardeman, Hardin, Haywood, Jackson, Johnson, Lake, Lauderdale, Lewis, Morgan, Pickett, Scott, Sequatchie
Texas	Atascosa, Bailey, Bee, Brewster, Briscoe, Brooks, Castro, Cochran, Collingsworth, Concho, Cottle, Crosby, Dawson, De Witt, Dickens, Dimmit, Duval, Edwards, Falls, Floyd, Frio, Gaines, Gonzales, Grimes, Hale, Hall, Haskell, Houston, Hudspeth, Jim Hogg, Jim Wells, Karnes, Kenedy, Kinney, Kleberg, Knox, Lamb, La Salle, Leon, Limestone, Lynn, McCulloch, Madison, Marion, Mason, Maverick,Medina, Menard, Milam,Mitchell, Motley, Newton, Parmer, Presidio, Real, Red River, Reeves, Robertson, San Augustine, San Jacinto, San Saba, Shelby, Starr, Swisher, Terry, Trinity, Uvalde, Val Verde, Walker, Willacy, Zapata, Zavala
Virginia	Brunswick, Lee, Northampton, Prince Edward

Source: Economic Research Service/USDA, 1995

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Table 12. Persistent Poverty and Income Transfers Dependent Nonmetro Counties in the Rural South

State	% persistent poverty nonmetro counties	% transfer dependent nonmetro counties
United States	23	17
Alabama	52	20
Arkansas	48	40
Florida	36	39
Georgia	54	7
Kentucky	55	34
Louisiana	82	52
Mississippi	83	36
North Carolina	29	6
Oklahoma	32	44
South Carolina	53	0
Tennessee	30	16
Texas	37	13
Virginia	7	7

Source: Economic Research Service/USDA, 1995

the country. However, since 1994, employment growth rates have been slowing down in the South, where a large number of counties with unemployment levels above the U.S. average are located [9].

Welfare recipients, the vast majority of whom use cash assistance on short-term basis, and former welfare recipients entering the workforce are frequently underemployed. That is, they are either unemployed, work for low-wages, or work less than full-time or full-year. Data indicate that, for the most part, unemployment is higher for women than men, but not necessarily more so in South than for the rest of the United States (Table 13). Recent studies indicate that welfare mothers are likely to find work in low-wage and often less than full-time services, such as hospitality and domestic services (hotel, restaurant, housekeeping) and to some extent retail industries, rather than in the better paid manufacturing sector [8,12,16]. Across the United States, and throughout the South, the service sector employs roughly one third of all workers. However, although the proportion of service sector jobs in the South are increasing as manufacturing jobs are declining, most nonmetropolitan counties in the South are not dependent on the service sector. Rural counties in the South are still likely to be more dependent upon resource extraction (farming, mining, forestry) and low-wage manufacturing than counties in other parts of the country; they obtain less than 50 percent of labor and proprietor's income from the service sector [3]. Relatively few of the service sector jobs found in these areas are likely to be found in the hospitality sector. This suggests that most of the service sector jobs that welfare recipients are likely to obtain are found in urban, not rural, areas.

Competing for Jobs

Analogously, the ability of welfare recipients to compete successfully for available jobs depends on their skills and expertise levels, and local competition for jobs. Educational levels are lower in rural areas than in urban areas. Welfare recipients are typically poorly educated and have too few of the right types of job skills to compete for better paying jobs [18].

In rural areas in particular, opportunities for improving skills, including employer provided job training, can be limited. Most companies do not provide adequate training for the non-college educated workforce [7]. Recent studies find that formal employee based job training is more likely to take place in

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Table 13. Labor Market Conditions in the South

State	Unemployment 1996	Female unemployment 1996	% employed in services	% service dependent, nonmetro counties
United States	5.4	5.4	34.6	14
Alabama	5.1	5.4	29.3	0
Arkansas	5.4	5.4	28.4	6
Florida	5.1	5.4	39.5	27
Georgia	4.6	5.3	30.6	6
Kentucky	5.6	5.9	29.5	7
Louisiana	6.7	8.0	36.1	15
Mississippi	6.1	7.2	29.9	13
North Carolina	4.3	4.5	27.7	9
Oklahoma	4.1	4.6	33.7	11
South Carolina	6.0	6.2	28.9	3
Tennessee	5.2	5.4	31.0	4
Texas	5.6	6.1	34.1	12
Virginia	4.4	4.6	36.1	15

Source: County Business Patterns, 1995
Economic Research Service/USDA, 1995
U.S. Bureau of Labor Statistics, 1997

urban areas and in large companies with multiple establishments. Small firms and service firms are less likely to provide formal, employee-based training, and more likely to provide quick and informal on-the-job training. On the other hand, some research suggests that government sponsored job training programs can be more effective in rural areas than urban areas [15].

Regardless of skills, however, the ability of the labor force to absorb welfare recipient is conditioned primarily by national, state, and local economic conditions. Although the United States has enjoyed strong economic growth in the last few years and a serious demand for labor, these conditions, which translate into low unemployment rates, are far from universal. Pockets of high unemployment persist in some areas, especially those areas that are geographically isolated and industrially undiversified, typical of many areas of the rural South.

The types of jobs for which welfare recipients are eligible are more likely to be concentrated in urban areas or in rural areas adjacent to urban areas, where competition for jobs also tends to be higher. However, recent research suggests that rural welfare recipients tend to be better educated than welfare recipients from urban inner city areas [14]. All other things being equal, rural welfare recipients may have a slight edge over their urban counterparts. However, competition for low-wage jobs can be more intense where there are large concentrations of immigrant labor. Many of the service sector jobs in which welfare recipients can find employment are awarded to immigrant labor. The concern lies not so much in the export of these types of service sector jobs, but rather in importing laborers to do the work locally. Research from the ERS indicates that nonmetro immigrants are concentrated in the South and West [4].

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Whether former welfare recipients can earn a living on wages they are likely to earn in low-wage jobs remains a serious question and a point of contention in many debates over the issue of welfare reform. After all, poverty in the South consists disproportionately of the working poor. A recent report released from the Urban Institute concludes that work does indeed pay, and shows how different wage levels contribute to different levels of income [1]. However, the report does not consider whether the wages contribute to a living wage, the amount of money that it takes someone to meet their expenses and live comfortably. Once rural welfare recipients factor in the undeniable costs of going to work, such as child care and transportation, are they making a living wage? Utilities and processed consumer goods can be more expensive in rural than urban areas. Rural areas are intricately linked to the global economy and the cost of living differential between rural and urban areas is shrinking appreciably.

Locational Limitations

Rural areas are widely regarded as limited in their capacity to provide support services. Distance and population sparsity have always created serious problems for public and private service provision in rural areas. Rural areas may likewise be hampered by shortages of financial and human capital resources, and expertise. Support services are critical to an effective welfare-to-work program. Without access to good transportation and child care, welfare recipients are at a distinct disadvantage in the labor market. Transportation and child care pose even more formidable barriers to employment in rural areas when available jobs are concentrated in urban areas.

The fiscal infrastructure of most rural governments limits their capacity to maintain the physical infrastructure necessary for adequate transportation networks and public transit services. Because of the costs associated with purchasing and maintaining vehicles for personal use, and the scarcity of public transportation in rural areas, the rural poor generally rely on old, poorly maintained, and undependable vehicles [5]. Transportation is clearly a major barrier to making the transition from welfare recipient to member of the paid labor force. Lacking good transportation, the poor are challenged to become part of a reliable workforce.

Although many people in rural areas may depend on family members and social networks for child care while they work, day care providers and certified day care workers are in short supply in most rural areas. Day care centers with sliding scale payment schedules, fairly common in urban areas, are virtually unheard of in rural areas. Moreover, the normal hours of operation for day care centers are not always compatible with the hours many people work. Access to day care is frequently complicated by transportation problems, especially in families with more than one young child. Parents may find it necessary to shuttle different children to different day care centers and schools before going to work in the mornings, and rushing in the evenings to reach their children before the centers' closing times. These problems are even more acute for shift workers who may be working evening or rotating hours.

Personal and Family Challenges

Recent research suggests that roughly half of the welfare recipients in the United States are facing personal and family problems that make it difficult to either obtain or maintain a job [11,12]. These problems include (1) medical problems of the household head or of children within the household, (2)

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mental health problems, (3) substance abuse problems, and (4) marital problems and family violence. Even when workers successfully complete job training programs and are placed in good jobs, these personal and family problems, often exacerbated by economic distress, can be overwhelming and interfere with work attendance and job performance. Under such conditions, job retention is questionable. Although there is no reason to believe that these problems may be more or less prevalent in rural than urban areas, adequately confronting these problems may prove a more formidable task in rural areas. Access to the medical facilities, social services and employer-based family assistance programs needed for addressing these problems are severely limited in rural areas.

Making the Best of Welfare Reform in the South

What conclusions can be drawn about welfare reform in the South? There has been dramatic decline in welfare caseloads throughout the South, but why caseloads are declining is not known. This may be the effects of welfare reform, but the role of a strong economy cannot be discounted. It is just too early to tell whether former welfare recipients are becoming more self-sufficient. But, the South is facing serious challenges in implementing successful welfare reform programs. Successful welfare-to-work strategies may be particularly difficult to implement in the persistent poverty counties, where the opportunities for prolonged labor force attachment are often limited. Where employment opportunities are available, welfare recipients must work through serious barriers to obtain and maintain jobs that will enable them to become self-sufficient. The task is clearly imposing and the consequences are serious. Although eligibility for cash assistance is expanded somewhat under the TANF program, and families may be able to bypass TANF participation through the diversion payment program, penalties for not meeting time limits and work requirements imposed by the new legislation are harsh.

Many of these barriers are reviewed here: extreme and entrenched poverty, limited job opportunities, lack of transportation, shortage of day care providers, and personal and family problems. Sparse populations and spatial isolation exacerbate all of these problems. As a consequence, they may be more problematic in the rural areas of the South. Rural communities, handicapped by limited and dwindling economic and social infrastructures, are poorly equipped to sustain the activities necessary for supporting welfare reform. Nonetheless, these barriers, although serious, are not insurmountable if addressed strategically. In many areas, state and local governments, the private sector, social service agencies, and community organizations have worked *together* to make realistic assessments of the problems they are facing and have designed some creative solutions for addressing these problems.

Perhaps the most significant limitation rural communities face in moving welfare recipients into the labor market is the availability of jobs. Local communities have relatively little control over the number of jobs they can support. Job availability is largely a function of economic conditions.

However, local communities have other options. They can influence welfare recipients' access to what jobs are available by increasing human capital and job skills among recipients and encouraging local business and industry to hire former welfare recipients. Numerous states have found it useful to compile statistical and demographic data about welfare recipients in each county. Such demographic profiles help

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local employers plan for adding former welfare recipients to their labor force. Profiles not only indicate the numbers of potential employees, but they also can identify the types of problems or barriers that former welfare recipients and future employers may be facing. Nearly all communities that have developed aggressive programs for helping welfare recipients make successful transitions into the workforce have formed community coalitions and partnerships. A good source for information on developing these partnerships (and other strategies) is *Ideas That Work*, published electronically by the U.S. Department of Labor (www.doleta.gov). The Welfare-to-Work Partnership (www.welfaretowork.org) is another source that provides practical guidance for developing such strategies. The Partnership cites seven company practices that help former welfare recipients remain in the labor force: high performance standards, quality training programs, one-on-one attention, medical benefits, career path opportunities, business partnerships with community and non-profit organizations, and business partnerships with government agencies. Companies hiring and retaining welfare recipients are providing medical benefits, mentoring, transportation, and child care to welfare hires.

Welfare recipients find it difficult to remain attached to the labor force without reliable transportation. Some communities have tackled the transportation problem by reimbursing former welfare recipients for transportation costs or contracting with transportation services where they are available. Others have provided vanpools or recruited volunteers to provide transportation where mass transit systems are not available. In some communities, non-profit organizations work with private industry and technical schools to repair and provide vehicles for former welfare recipients to use or purchase.

The personal and family challenges that welfare recipients face can also be confronted through creative strategies and support services. Companies can provide for counseling (and treatment, in the case of substance abuse) through in-house or external Employee Assistance Programs. Welfare-to-work programs in a few states across the nation include alcohol and drug abuse treatment components. Employers can provide medical benefits to welfare hires. Some companies are providing in-house child care to welfare hires. Others are providing vouchers or subsidies for child care at home or in day care centers. Some communities are training and employing welfare recipients as day care workers. Another more novel community-level strategy is to co-locate services, such as child care and transportation services, at the same site.

Given the entrenched poverty and the scarcity of resources in the rural South, helping welfare recipients into the workplace may be a daunting task. It will require an honest recognition of the barriers, which are considerable, and a significant amount of effort to address these barriers. In most cases, helping welfare recipients become self-sufficient entails improving local employment opportunities, developing transportation services, providing child care alternatives and offering the support services necessary for the needy to cope with personal problems. This will require creativity, new ways of thinking about and using existing resources, strategic planning, community cooperation and coordination.

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Endnotes

[a] This report includes the following states in the South: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia.

[b] The information presented in the next section consists of a broad overview and state by state comparison of the programs. Because of the need to address a wide array of existing conditions and circumstances among target populations, program rules are complex and technical. The coverage in this report is not intended to be inclusive of all provisions within each program; rather, it is designed to provide readers with a broad understanding of the basic tenets of the policies in their state.. The data in this section come from The Urban Institute report "One Year After Federal Welfare Reform: A Description of State Temporary Assistance for Needy Families (TANF) Decisions as of October 1997" by Gallagher, et al., 1998. The Urban Institute report is an excellent overview and provides much more detail than we can offer in this brief piece.

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Three additional rural development reports available

Four other reports are available in the *Rural Development Issues Impacting the South* series. These reports are listed below, along with their abstracts. For hard copies of the reports, contact the Southern Rural Development Center at 662-325-3207 or dcosper@srdc.msstate.edu, or the reports can be accessed online at http://www.ext.msstate.edu/srdc/activities/rdissues.htm.

Linking Community Development with National Forest Planning and Management in the South

Donald E. Voth, Martin Jardon, Cindy McCauley, Zola K. Moon, and Irene Frentz, *University Arkansas*
June 1999

Current development in forest management and rural community development present a special challenge and opportunity for forest-dependent rural communities in the Southern region. All national forests are required to revise their long-range plans every 10 to 15 years. Many in the Southern region have already done so, or are nearing completion of their revised plans. Others have not, but will be doing so in the near future. In the past, local communities have played a minor role in this process. However, greater involvement is being sought and, if it can be achieved, there is potential to use this planning process not only for the benefit of the USDA Forest Service but also to stimulate community strategic planning and development in many forest-dependent communities in the region. It is the thesis of this paper that achieving such a collaborative, community-based strategy, one that sees forest-dependent communities as subjects and not merely the objects of USDA Forest Service policy and programs, ought to be of the highest priority within the U. S. Department of Agriculture. However, to actually achieve it will not be easy. This document reviews the definitions of forest-dependency, shows which communities are forest-dependent in the Southern region based upon various definitions, and examines the hypothesis that forest-dependent communities suffer from a special "disadvantage." It then provides a review of the USDA Forest Service's emerging strategies for relating to forest-dependent communities and summarizes the current Rural Community Assistance (RCA) program. Following this, it presents the formal forest planning process in some detail, focusing upon opportunities for citizen access to this process. Then there is a brief summary of rural and community development agencies and programs available which might be mobilized to assist the USDA Forest Service in developing an integrated approach to forest-dependent communities, and a detailed presentation of several on-going efforts to both implement and analyze strategies for linking community development efforts with forest planning and management. This is followed by a summary of emerging efforts to use local government—mostly county government—as a way for local citizens to gain "a place at the table" in forest planning and management. Finally, there are some recommendations and a discussion of some of the issues or challenges that must be confronted in developing an integrated, community-based strategy.

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The Changing Nature of Work in the South

Melissa A. Barfield and Lionel J. Beaulieu, *Southern Rural Development Center, Mississippi State University*

July 1999

Labor markets have undergone many changes in the South; shifts have occurred that have had a profound impact on the region. Simply put, a switch from industrial production to service employment is occurring; white-collar workers are slowly, but surely, replacing blue-collar workers. Such shifts have raised the qualifications needed to hold certain service-sector jobs. Consequently, an increasing proportion of the workforce now finds itself in need of better education and higher level skills. But, at the same time, job growth also is occurring at the other extreme, in occupations requiring little or no formal training. This report examines the changes occurring in the Southern workforce. Serving as the primary data sources for illustrating the nature of labor market adjustments in the region are the industry and occupational projections from the Bureau of Economic Analysis, America's Labor Market Information System, and the Bureau of Labor Statistics. The analysis shows that a polarization is emerging within tomorrow's workforce. The largest numbers of jobs are taking place among those occupations requiring no post-secondary degree. On the other hand, a significant portion of the fastest growing occupations are demanding post-secondary training or degrees. These trends have important implications on the anticipated earnings and employment experiences of Southerners.

Land Prices and the Changing Geography of Southern Row Crop Agriculture

James C. Hite, Emily J. Terrell, and Kang Shou Lu, *Strom Thurmond Institute of Government and Public Affairs, Clemson University*

July 1999

Using enterprise budgets for major row-crops and county mean yields, the returns to land, risk, and management in 12 Southern states for 1992 are estimated and the results compared to mean county farm real estate prices reported in the 1992 Census of Agriculture. Similar analysis also is performed for six of the state using 1959 budgets and data. Maps and tables are presented. The resulting maps show that traditional row-crop agriculture remains potentially profitable in some relatively remote counties and in the productive soils of near the Mississippi River. But urbanization, the demand for second or retirement homes, and relative low commodity prices have forced rural land prices above their use values for producing row-crops in much of the rest of the South. The changing geography of rural land prices has implications for land use changes and for the development of a new, niche-based market for garden agriculture in some parts of the South. It also suggests that owners of land, particularly those who have invested in the land at levels that cannot be recouped by row-crop production, have a strong vested interest in non-agricultural development and are likely to be initiators of new types of local economic development activities in places where traditional row-crop production is no longer feasible.

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The Telecommunications Act of 1996: Its Implementation in the U.S. South

John C. Allen and Erin L. V. Koffler, *University of Nebraska-Lincoln*

September 1999 (forthcoming)

With the passage of the Telecommunication Act of 1996, the pace of regulatory change increased exponentially. The impact on rural areas is significant; the issues specific to Southern states and communities are unique. This paper provides a brief history of telecommunications regulation and an overview of the key elements of the Telecommunications Act of 1996. Innovations in state telecommunications regulations, as well as a summary of actions taken by Southern states since the 1996 Act was adopted, are also discussed. After that whirlwind tour of telecommunications regulation, we pause to examine the evidence for the importance of telecommunications technology in rural areas, and to review key technology innovations that hold promise for rural areas. Finally, a checklist of items that state and local decision-makers need to consider when defining telecommunications policy for their regions is presented. A review of topics that have been addressed by public service commissions in Southern states reveals that different states have addressed issues in unique ways.

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